

Message Text

CONFIDENTIAL

PAGE 01 EC BRU 02019 01 OF 02 121936 Z

41

ACTION SS-25

INFO OCT-01 ADP-00 SSO-00 NSCE-00 /026 W
----- 054322

O R 121815 Z APR 73

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC IMMEDIATE 5048

INFO AMEMBASSY BONN

AMEMBASSY LONDON

C O N F I D E N T I A L SECTION 1 OF 2 EC BRUSSELS 2019

EXDIS

NOFORN

E. O.11652: GDS

TAGS: ENRG, EEC, US, GW

SUBJECT: DRAFT EC COMMISSION PAPER ON ENERGY POLICY

REF: BONN 4901 AND 5185

1. SUMMARY: IN LIGHT OF REFTELS, RECENT SIMONET SPEECHES AND SEVERAL CALLS FROM US OIL COMPANIES, DCM HAD LENGTHY DISCUSSION ON APRIL 11 WITH FERNAND SPAAK, EC COMMISSION DIRECTOR GENERAL FOR ENERGY. SPAAK RESPONDED TO EXPRESSIONS OF CONCERN BY STATING CATEGORICALLY THAT THERE WAS NO INTENTION ON THE PART OF THE COMMISSION TO MAKE ANY PROPOSALS WHICH WOULD DISCRIMINATE AGAINST AMERICAN INTERNATIONALS OR WHICH WOULD SUGGEST THAT THE COMMUNITY MAKE PREFERENTIAL, EXCLUSIVE ARRANGEMENTS WITH PRODUCING COUNTRIES ON A GO- IT- ALONE BASIS. HE DID INDICATE, HOWEVER, THAT THE COMMISSION WOULD SUGGEST A "MANAGED MARKET" POLICY TO ASSURE ADEQUATE ENERGY SUPPLIES. HE STRESSED THAT THE CENTRAL POINT OF COMMUNITY POLICY WOULD BE THE NECESSITY FOR INTERNATIONAL COOPERATION AMONG CONSUMERS WITHOUT GIVING THE APPEARANCE OF FORMULATING ARRANGEMENTS AGAINST THE PRODUCERS. END SUMMARY

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 EC BRU 02019 01 OF 02 121936 Z

2. DCM REQUESTED PRIVATE DISCUSSION WITH SPAAK TO EXPRESS OUR STRONG CONCERN BASED ON THE FIRST SIMONET SPEECH (EC BRUSSELS 1750) (LONDON IS REPORTING HIS SECOND SPEECH), WORD THAT OUR MISSIONS ARE PICKING UP CONCERNING COMMISSION ENERGY POLICY PROPOSALS AND CONCERNS EXPRESSED BY AMERICAN INTERNATIONALS ON THE BASIS OF INFORMATION THEY HAVE RECEIVED. WE STRESSED THE UNFORTUANTE EFFECT WHICH SOME OF THESE RUMORED PROPOSALS MIGHT HAVE AT THIS CRUCIAL JUNCTURE WHEN THE US WAS FORMULATING ITS OWN ENERGY POLICY. WE PARTICULARLY CALLED HIS ATTENTION TO OUR CONCERN THAT THE COMMUNITY MIGHT BE CONSIDERING AN INTERNAL MARKET POLICY WHICH WOULD DISCRIMINATE AGAINST US INTERNATIONALS AND THE POSSIBILITY OF AGREEMENTS FOR EXCLUSIVE SUPPLY ARRANGEMENTS WITH LEADING PRODUCERS, AND THE POSSIBILITY THAT THESE MIGHT INCLUDE PREFERENTIAL TRADE ARRANGEMENTS IN THE MIDDLE EAST. (WE WILL NEED CLARIFICATION ON THIS POINT IN VIEW OF THE REFERENCE IN PARA 24, EC BRUSSELS 2018). WITHOUT DENYING THAT " WORKING PAPERS" MIGHT BE FLOATING AROUND, SPAAK STRONGLY DENIED RESPONSIBLE COMMISSION THINKING WAS MOVING IN THE DIRECTION OF EITHER DISCRIMINATION OR A " GO- IT- ALONE" POLICY. HE SPECIFICALLY RULED OUT A FAVORABLE COMMISSION VIEW ON A KUWAITI REQUEST JUST MADE FOR A PREFERENTIAL TRADE AGREEMENT WITH THE EC.

3. TO REASSURE US, HE SAID HE WOULD GIVE THE MISSION THE LATEST DRAFT OF THE GENERAL PAPER WHICH THE COMMISSION IS EXPECTED TO CONSIDER IN EARLY MAY (EC BRUSSELS 2018). HE STRESSED THAT THIS WAS BY NO MEANS THE FINAL DRAFT BUT THAT WE COULD SEE FROM IT THAT THE COMMISSION WISHES TO PUT THE STRONGEST EMPHASIS ON THE NECESSITY FOR INTERNATIONAL COOPERATION TO ASSURE AN EQUITABLE SHARING OF COSTS AND BENEFITS AND STEADY DEVELOPMENT OF ENERGY SOURCES.

4. HE SAID THAT FAR FROM WISHING TO DISCRIMINATE AGAINST THE AMERICAN INTERNATIONALS HE FELT THERE WAS NO WAY TO CARRY OUT THE COMMISSION POLICY WITHOUT THEIR FULL COOPERATION. SPAAK SPECIFICALLY DENIED
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 EC BRU 02019 01 OF 02 121936 Z

COMMISSION INTENT TO REQUIRE US- BASED COMPANIES

IN EFFECT TO MOVE THEIR DECISION- MAKING HEADQUARTERS TO THE COMMUNITY. HE RECOGNIZED THAT SOME OF THE REQUESTS FOR INFORMATION WOULD CAUSE DIFFICULTIES, NOT ONLY FOR AMERICAN COMPANIES BUT FOR OTHER LARGE PETROLIUM ENTERPRISES AS WELL (READ BP AND SHELL), BUT HE FELT THE APPROACHING CRISIS IN THE ENERGY FIELD REQUIRED NEW TECHNIQUES TO ASSURE CONTINUED SUPPLY OF VITAL PRODUCTS AND, THEREFORE, SOME COMPROMISE WOULD HAVE TO BE REACHED BETWEEN THE OLD, FREER SYSTEM AND ONE WHICH WOULD MEET THE NEW SITUATION. HE THOUGHT THAT THIS WOULD BE EQUALLY TRUE OF THE USG' S RELATIONS WITH THE INTERNATIONAL OIL COMPANIES. IN ANY CASE, HE STRESSED COMMISSION WILLINGNESS TO TALK THESE PROBLEMS OUT WITH THE COMPANIES ONCE THE COMMUNITY HAD DECIDED ON ITS GENERAL LINES OF POLICY. HE ADDED THAT IT WAS BY NO MEANS CLEAR THAT ALL MEMBER STATES WOULD ACCEPT THE KIND OF MUTUAL COMMITMENT NECESSARY TO IMPLEMENT THE COMMISSION' S SUGGESTIONS.

CONFIDENTIAL

ADP000

CONFIDENTIAL

PAGE 01 EC BRU 02019 02 OF 02 121942 Z

41

ACTION SS-25

INFO OCT-01 ADP-00 SSO-00 NSCE-00 /026 W

----- 054386

O R 121815 Z APR 73

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC IMMEDIATE 5049

INFO AMEMBASSY BONN

AMEMBASSY LONDON

C O N F I D E N T I A L SECTION 2 OF 2 EC BRUSSELS 2019

EXDIS

NOFORN

5. SPAAK ALSO MADE THE COMMENT THAT, AS WE WELL KNEW, COMMUNITY DEVELOPMENT USUALLY RESULTED BECAUSE THE INSTITUTIONS TOOK ADVANTAGE OF SPECIAL SITUATIONS. IN THIS CASE THE COMMISSION WOULD HOPE TO USE THE ENERGY CRISIS TO ACHIEVE COORDINATION AND PERHAPS EVEN COMMON PROGRAMS IN THE RESEARCH FIELD. HE ALSO

HOPED THAT THIS WOULD LEAD TO THE KIND OF COOPERATION BETWEEN THE US AND THE COMMUNITY THAT WAS BEST ILLUSTRATED BY THE US- EURATOM COOPERATION PROGRAM ON WHICH THE DCM AND HE HAD BOTH WORKED.

6. SPAAK EXPRESSED THE DESIRE TO CONTINUE CLOSE CONSULTATIONS AND HOPED THAT THE US REPRESENTATIVE TO THE NEXT OECD MEETING WOULD STOP IN BRUSSELS TO DISCUSS POSITIONS BEFORE THAT MEETING. HE ALSO THOUGHT IT WOULD BE DESIREABLE TO ARRANGE AN EARLY VISIT FOR SIMONET TO WASHINGTON, ONCE THE COMMUNITY'S GENERAL POSITION HAS BEEN APPROVED AND THE US ENERGY POLICY STATEMENT HAS BEEN MADE. HE MENTIONED THAT THE SECOND SIMONET SPEECH IN LONDON WAS DESIGNED TO CORRECT SOME OF THE BAD IMPRESSIONS CREATED BY THE FIRST SPEECH AND HE HOPED THAT WE WOULD READ IT IN THAT LIGHT. SPAAK EMPHASIZED THAT THE COMMISSIONERS HAVE NOT YET CONSIDERED THESE MATTERS IN ANY DETAIL AND, THEREFORE, HE COULD NOT GIVE ABSOLUTE ASSURANCE
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 EC BRU 02019 02 OF 02 121942 Z

THAT THE POLICY WOULD MOVE IN THIS DIRECTION BUT IT WAS HIS FEELING THAT THE GENERAL PROPOSALS TRANSMITTED BY SEPARATE TELEGRAM WOULD COME FAIRLY CLOSE TO THE FINAL COMMISSION PROPOSAL. HE EMPHASIZED THE IMPORTANCE OF CONTINUED US SUPPORT FOR INTERNATIONAL COOPERATION AND HOPED THAT THE PRESIDENT'S MESSAGE WOULD PUT HEAVY STRESS ON THIS ASPECT OF US POLICY.

7. COMMENT: MISSION WOULD HOPE THAT US ENERGY MESSAGE WILL INCLUDE SUPPORT FOR INTERNATIONAL COOPERATION BECAUSE, AMONG OTHER REASONS, IT WILL GIVE US THE NECESSARY OPENING TO DISCUSS WITH THE COMMUNITY SOME OF THESE DIFFICULT POLICY PROBLEMS.

8. SPAAK WAS OBVIOUSLY TRYING TO REASSURE US ON THE TWO MAIN ISSUES-- EUROPEAN CONTROLS ON US OIL COMPANIES AND COMMUNITY RELATIONS WITH PRODUCING STATES. IN ANY CASE, WE HAVE CLEARLY RAISED A WARNING FLAG WITH HIM. SPAAK DID NOT DENY THAT SOME OF THE IDEAS REPORTED IN REFTELS, ALTHOUGH WE DID NOT REFER TO SPECIFIC WORKING PAPERS, MIGHT HAVE BEEN PUT FORWARD AT SOME LEVEL IN THE COMMISSION STAFF. IT IS ALSO POSSIBLE THAT SIMONET ASKED TO HAVE SOME OF THESE SPECIFIC SUGGESTIONS CONSIDERED IN WORKING PAPERS. THERE HAS CERTAINLY BEEN EVIDENCE OF THIS KIND OF THINKING IN THE COMMISSION FOR SEVERAL YEARS. WE WOULD HOPE THAT CERTAIN OF THE MEMBER GOVERNMENTS, ALONG

WITH BP AND SHELL, WILL CONTINUE TO OPPOSE THE
"DIRIGISTE" TENDENCIES OF SOME ELEMENTS IN THE
COMMISSION AND MEMBER STATES. AS BONN HAS REPORTED,
HOWEVER, AND AS WE HAVE HEARD FROM CERTAIN AMERICAN
COMPANY SOURCES, THERE IS SOME REASON TO FEAR THAT
BP AND SHELL ARE WAVERING AND EVEN THE GERMAN
GOVERNMENT IS NOT DISMISSING SOME OF THESE IDEAS
OUT OF HAND. EMBASSY LONDON MAY WISH TO COMMENT
ON THE CURRENT STATE OF COMPANY OPINION WITH
RESPECT TO BP AND SHELL. END COMMENT. GREENWALD

CONFIDENTIAL

*** Current Handling Restrictions *** EXDIS

*** Current Classification *** CONFIDENTIAL

Message Attributes

Automatic DecapTIONing: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts:
Control Number: n/a
Copy: SINGLE
Draft Date: 12 APR 1973
DecapTION Date: 28 MAY 2004
DecapTION Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: boyleja
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973ECBRU02019
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: RR
Errors: n/a
Film Number: n/a
From: EC BRUSSELS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730446/aaaaismz.tel
Line Count: 237
Locator: TEXT ON-LINE
Office: ACTION SS
Original Classification: CONFIDENTIAL
Original Handling Restrictions: EXDIS, NOFORN
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: EXDIS, NOFORN
Reference: 73 BONN 4901 AND 5185
Review Action: RELEASED, APPROVED
Review Authority: boyleja
Review Comment: n/a
Review Content Flags:
Review Date: 06 SEP 2001
Review Event:
Review Exemptions: n/a
Review History: WITHDRAWN <01-Aug-2001 by reddocgw, EXDIS,NOFORN>; RELEASED <06-Sep-2001 by boyleja>; APPROVED <10-Sep-2001 by boyleja>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> gwr 980126
Subject: DRAFT EC COMMISSION PAPER ON ENERGY POLICY
TAGS: ENRG, GW, US, EEC
To: BONN
LONDON
SECSTATE WASHDC
SS
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

